Unknown

From: Marty Rutherford [marty_rutherford@dnr.state.ak.us]
Sent: Wednesday, December 06, 2006 5:47 PM
To: Governor Sarah Palin (GOV sponsored); Tibbles; Michael A (GOV); spalin@mtaonline.net
Cc: Nizich; Michael A (GOV)
Subject: Update on Rock Creek Mine in Nome

Governor, Mike,

FYI. DNR just learned that earlier today the federal Corp of Engineers "pulled" their recently issued (late Summer 2006) 404 Wetlands Fill Permit from the Rock Creek Mine. Rock Creek Mine is located near Nome (with two pit locations) and is a midsize open pit gold mine. It is similar in size to the True North and Illinois Creek gold mines. Rock Creek is owned by Alaska Gold which is now a subsidiary company of NovaGold, which is a Canadian mining company. NovaGold purchased Alaska Gold within the past few years. Alaska Gold is an old-time Nome gold company and is the largest private landowner in the area. The state and the feds just completed the permitting process on this mine. The project will eventually employ over 100 people and last for approximately 5 years. At this juncture the project was just beginning to be constructed and I am unaware of the size of the current workforce.

I am advised that a recently organized environmental group sued the federal Corp of Engineers on the 404 permit because a full EIS (Environmental Impact Statement) was not completed. Instead they did an EA (Environmental Assessment), which is typically done for a project of this size. The full EIS process adds years and millions of dollars of cost to a project, and in this instance would probably have killed the economics of the mine. The environmental organization was asking the courts for an injunction but the courts never ruled on the question as the Corp took an administrative action to pull the permit. Thus the project is now stalled.

I wanted you to have some baseline information on this Corp of Engineers action in case you are asked. It is also possible you will be asked if

you intend to intervene in the litigation, on behalf of the mine. If you are interested in considering this option I will get some additional information pulled together for your consideration and involve the appropriate attorney(s) at the Dept of Law.

Marty R